

REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

2023
INTERIM REPORT

Condensed Consolidated Financial Statements

The board of directors (the “**Directors**” and the “**Board**”, respectively) of REF Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 together with the relevant comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	75,551	72,053
Cost of services		(35,469)	(35,649)
Gross profit		40,082	36,404
Other gains and losses, net	6	1,131	1,517
(Provision)/reversal of allowance for expected credit losses in respect of trade receivables, net		(2,331)	1,207
Selling and distribution expenses		(7,299)	(7,140)
Administrative expenses		(19,377)	(19,958)
Finance costs	7	(345)	(609)
Profit before taxation	8	11,861	11,421
Taxation	9	(1,774)	(1,620)
Profit and total comprehensive income for the period attributable to owners of the Company		10,087	9,801
Earnings per share			
— Basic and diluted (HK cents)	11	3.94	3.83

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

		As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Assets			
Non-current assets			
Plant and equipment	12	6,874	8,896
Right-of-use assets	12	15,906	24,495
Goodwill		1,982	1,982
Deposits	14	500	5,986
Deferred tax assets		1,351	719
		26,613	42,078
Current assets			
Trade receivables	13	42,157	25,259
Prepayments, deposits and other receivables	14	7,703	2,474
Other current assets		790	639
Tax recoverable		–	30
Financial assets at fair value through profit or loss		1,026	962
Fixed deposits with original maturity over three months	15	–	59,000
Bank balances and cash	15	40,972	17,359
		92,648	105,723
Liabilities			
Current liabilities			
Trade payables	16	3,304	2,938
Accruals and other payables	17	12,086	6,187
Lease liabilities		15,112	19,426
Contract liabilities		12,202	11,441
Tax payable		3,573	496
		46,277	40,488
Net current assets		46,371	65,235
Total assets less current liabilities		72,984	107,313

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

		As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
	Notes		
Non-current liabilities			
Lease liabilities		1,874	6,032
Accruals and other payables	17	–	1,858
		1,874	7,890
Net assets			
		71,110	99,423
Capital and reserves			
Share capital	18	2,560	2,560
Reserves		68,550	96,863
Total equity attributable to owners of the Company			
		71,110	99,423

Approved and authorised for issue by the Board on 18 August 2023 and signed on its behalf by:

Lau Man Tak
Director

Fan Jia Yin
Director

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company			
	Share capital HK\$'000	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 January 2022 (audited)	2,560	41,233	95,668	139,461
Profit and total comprehensive income for the period	–	–	9,801	9,801
Dividend paid (Note 10)	–	–	(51,200)	(51,200)
As at 30 June 2022 (unaudited)	2,560	41,233	54,269	98,062
As at 1 January 2023 (audited)	2,560	41,233	55,630	99,423
Profit and total comprehensive income for the period	–	–	10,087	10,087
Dividend paid (Note 10)	–	–	(38,400)	(38,400)
As at 30 June 2023 (unaudited)	2,560	41,233	27,317	71,110

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	11,861	11,421
Adjustments for:		
Interest income	(1,027)	(306)
Interest on lease liabilities	335	602
Bad debt written off	450	–
Fair value change on financial assets at fair value through profit or loss	(64)	395
Depreciation of plant and equipment	2,022	2,026
Depreciation of right-of-use assets	9,767	10,098
Provision/(reversal) of allowance for expected credit losses in respect of trade receivables, net	2,331	(1,207)
Loss on disposal of plant and equipment	–	40
Gain on early termination of leases	(18)	–
Operating cash flows before movements in working capital	25,657	23,069
Increase in trade receivables	(19,679)	(30,700)
Decrease in prepayments, deposits and other receivables	257	387
(Increase)/decrease in other current assets	(151)	58
Increase in trade payables	366	2,383
Increase in accruals and other payables	4,041	2,218
Increase/(decrease) in contract liabilities	761	(1,104)
Cash generated from/(used in) operations	11,252	(3,689)
Income taxes refunded	701	–
Net cash generated from/(used in) operating activities	11,953	(3,689)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from investing activities		
Purchase of plant and equipment	–	(794)
Proceeds from disposal of plant and equipment	–	84
Placement of fixed deposits with original maturity over three months	–	(14,000)
Uplift of fixed deposits with original maturity over three months	59,000	–
Interest received	1,027	306
Net cash generated from/(used in) investing activities	60,027	(14,404)
Cash flows from financing activities		
Dividend paid	(38,400)	(51,200)
Capital element of lease rentals paid	(9,632)	(9,719)
Interest element of lease rentals paid	(335)	(602)
Net cash used in financing activities	(48,367)	(61,521)
Net increase/(decrease) in cash and cash equivalents	23,613	(79,614)
Cash and cash equivalents at the beginning of the period	17,359	127,565
Cash and cash equivalents at the end of the period	40,972	47,951

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2014 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. Its immediate holding company is Jumbo Ace Enterprises Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) and its ultimate holding company is Rising Luck Management Limited, a company incorporated in the BVI. Its ultimate controlling party is Mr. Lau Man Tak (“**Mr. Lau**”), who is also the chairman and non-executive director of the Company. The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) since 12 March 2014. The Company’s issued shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the address of its headquarters, head office and principal place of business in Hong Kong is Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial printing services and investment holdings. The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company. All values are rounded to the nearest thousand (“**HK\$’000**”) except otherwise indicated.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This interim report is unaudited but has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and it was authorised for issue on 18 August 2023.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual report, except for the changes in accounting policies that are expected to be reflected in the 2023 annual report. Details of any changes in accounting policies are set out in Note 3.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual report. The condensed consolidated financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The financial information relating to the financial year ended 31 December 2022 that is included in the interim report as comparative information does not constitute the Group’s annual financial statements for that financial year but is derived from those financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. CHANGES IN ACCOUNTING POLICIES

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs in the current period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. REVENUE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Financial printing services recognised at a point in time:		
Printing	39,920	45,719
Translation	29,592	20,255
Media placement	6,039	6,079
	75,551	72,053

(I) PERFORMANCE OBLIGATIONS FOR CONTRACTS WITH CUSTOMERS

The Group provides financial printing services including printing, translation and media placement.

Revenue is recognised when control of the services has transferred, being when the services have been delivered to the specific customer (“**delivery**”) as agreed in the service contracts. Following delivery, the customer has full discretion over the manner of distribution, the primary responsibility on utilising the services and bears the risks of loss in relation to the services. The normal credit term is 30 days.

(II) TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATION FOR CONTRACTS WITH CUSTOMERS

The financial printing service contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (partially unsatisfied) at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

5. SEGMENT INFORMATION

During the six months ended 30 June 2023 and 2022, the Group operated in one operating segment which was the provision of financial printing services. A single management team reports to the Directors (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present separately segment information. In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no business or geographical segment information is presented.

INFORMATION ABOUT MAJOR CUSTOMERS

No individual customer contributed over 10% of the total revenue of the Group during the six months ended 30 June 2023 and 2022.

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	1,027	306
Fair value change on financial assets at fair value through profit or loss	64	(395)
Loss on disposal of plant and equipment	–	(40)
Government grants (note)	–	1,600
Exchange gain, net	3	–
Sundry income	37	46
	1,131	1,517

note:

During the six months ended 30 June 2022, the government grants of HK\$1,600,000 represent the Employment Support Scheme 2022 under the Anti-epidemic Fund to provide wage subsidies to employers to retain their current employees when the business revives as soon as the epidemic situation permits.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank charges	10	7
Interest on lease liabilities	335	602
	345	609

8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Directors' emoluments	871	1,368
Other staff costs:		
— Salaries, bonuses and other benefits	26,313	26,925
— Retirement scheme contributions	809	876
Total employee benefit expense	27,122	27,801
Auditors' remuneration	344	344
Depreciation of plant and equipment	2,022	2,026
Depreciation of right-of-use assets	9,767	10,098
Bad debt written off	450	—

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

9. TAXATION

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
— Hong Kong	2,406	1,659
Deferred tax:		
Current period	(632)	(39)
	1,774	1,620

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The two-tiered profits tax rates regime is applicable to the Group for the six months ended 30 June 2023 and 2022.

10. DIVIDENDS

The Board does not propose to declare the payment of any interim dividend for the six months ended 30 June 2023.

On 1 March 2023, the Board declared a final dividend of HK15 cents per share which was paid on 12 May 2023 to shareholders of the Company whose names appear on the register of members of the Company on 26 April 2023, amounting to HK\$38,400,000.

On 4 March 2022, the Board declared a final dividend of HK20 cents per share which was paid on 13 May 2022 to shareholders of the Company whose names appear on the register of members of the Company on 11 May 2022, amounting to HK\$51,200,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	10,087	9,801
	'000	'000
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (note)	256,000	256,000
Basic earnings per share (HK cents)	3.94	3.83

note:

The calculation of basic earnings per share for the six months ended 30 June 2023 and 2022 is based on the profit attributable to owners of the Company for the periods and the weighted average number of ordinary shares for the relevant periods.

Diluted earnings per share is same as the basic earnings per share for the six months ended 30 June 2023 and 2022 as there were no potential dilutive ordinary shares in issue.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group did not acquire any plant and equipment (31 December 2022: HK\$1,005,000). No plant and equipment was disposed during the six months ended 30 June 2023 (31 December 2022: net book value of HK\$123,000).

During the six months ended 30 June 2023, the Group recognised approximately HK\$1,316,000 (31 December 2022: HK\$4,516,000) of right-of-use assets and approximately HK\$1,316,000 (31 December 2022: HK\$4,516,000) of lease liabilities.

13. TRADE RECEIVABLES

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Trade receivables	47,976	28,747
Less: Allowance for expected credit losses	(5,819)	(3,488)
	42,157	25,259

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13. TRADE RECEIVABLES *(Continued)*

The following is an aged analysis of trade receivables, presented based on the invoice dates at the end of the reporting period:

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Within 30 days	13,208	8,181
31–60 days	7,670	4,695
61–90 days	20,889	2,158
91–150 days	3,531	7,686
Over 150 days	2,678	6,027
	47,976	28,747

The Group generally allows a credit period of 30 days to its customers.

The Group does not hold any collateral over the balances.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13. TRADE RECEIVABLES *(Continued)*

The following is the movement in lifetime expected credit losses (“ECL”) that has been recognised for trade receivables in accordance with the simplified approach set out in HKFRS 9 for the six months ended 30 June 2023 and the year ended 31 December 2022:

	Lifetime ECL (non credit- impaired) HK\$'000
As at 1 January 2022 (audited)	1,416
Allowance for ECL	2,072
As at 31 December 2022 and 1 January 2023 (audited)	3,488
Allowance for ECL	2,331
As at 30 June 2023 (unaudited)	5,819

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than two years past due.

The amount of bad debt written off recognised in profit or loss during the six months ended 30 June 2023 was approximately HK\$450,000 (31 December 2022: HK\$248,000). The Directors consider that there were no reasonable expectation of recovery as those debtors were delisted by the Stock Exchange or proceeding winding up petition.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Rental, utility and other deposits	6,647	6,660
Prepayments (note (a))	1,487	1,232
Other receivables (note (b))	69	568
	8,203	8,460
Less: Current portion	(7,703)	(2,474)
	500	5,986

notes:

- (a) As at 30 June 2023 and 31 December 2022, the prepayments mainly represent payments to translation service suppliers.
- (b) Included above are interest receivables from bank deposits and fixed deposits of approximately HK\$69,000 as at 30 June 2023 (31 December 2022: HK\$460,000).
- (c) As at 30 June 2023, the non-current portion of deposits represent the refundable rental deposit of approximately HK\$500,000 (31 December 2022: HK\$5,986,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

15. BANK BALANCES AND CASH AND FIXED DEPOSITS WITH ORIGINAL MATURITY WITHIN/OVER THREE MONTHS

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Bank balances and cash	10,472	17,359
Fixed deposits with original maturity within three months	30,500	–
Cash and cash equivalents	40,972	17,359
Fixed deposits with original maturity over three months	–	59,000

The fixed deposits with original maturity within three months are short-term fixed deposits which are held for the purpose of meeting short-term cash commitments and are subject to an insignificant risk of changes in value. These fixed deposits carry fixed interest rates range from 3.2% to 4.3% per annum as at 30 June 2023.

Fixed deposits with original maturity over three months carry fixed interest rates range from 2.8% to 4.7% per annum as at 31 December 2022.

Bank balances and cash carry interest at market rates range from 0.001% to 0.875% per annum for the six months ended 30 June 2023 (31 December 2022: 0.001% to 0.6%).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

16. TRADE PAYABLES

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Trade payables	3,304	2,938

The credit period from suppliers is up to 60 days. The following is an aged analysis of trade payables, presented based on the invoice dates at the end of the reporting period:

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Within 60 days	3,185	2,802
61 to 90 days	119	134
91 to 120 days	–	–
Over 120 days	–	2
	3,304	2,938

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

17. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Accruals	507	1,177
Other payables	11,579	6,868
	12,086	8,045
Less: Current portion	(12,086)	(6,187)
Non-current portion	–	1,858

18. SHARE CAPITAL

	As at 30 June 2023		As at 31 December 2022	
	Number of shares '000 (unaudited)	HK\$'000 (unaudited)	Number of shares '000 (audited)	HK\$'000 (audited)
Authorised:				
Ordinary shares of HK\$0.01 each	10,000,000	100,000	10,000,000	100,000
Issued and fully paid:				
At the beginning and at the end of the period/year	256,000	2,560	256,000	2,560

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19. FAIR VALUE OF FINANCIAL INSTRUMENT

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the condensed consolidated statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 30 June 2023 and 31 December 2022.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19. FAIR VALUE OF FINANCIAL INSTRUMENT (Continued)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2023 (unaudited)				
Financial assets at fair value through profit or loss	1,026	–	–	1,026
As at 31 December 2022 (audited)				
Financial assets at fair value through profit or loss	962	–	–	962
Financial assets	Fair value as at 30 June 2023 (unaudited) HK\$'000	Fair value hierarchy	Valuation technique(s) and key inputs	
Financial assets at fair value through profit or loss	1,026 (31 December 2022 (audited): 962)	Level 1	Quoted bid prices in active market	

There was no transfer between Level 1, 2 and 3 in the period/year.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The above table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed in elsewhere in the condensed consolidated financial statements, the Group had entered into the following material related party transaction during the reporting period:

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Directors are identified as key management members of the Group and their compensation during the reporting period is set out in Note 8.

Management Discussion and Analysis

ABOUT THE GROUP

REF Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is a one-stop financial printing service provider in Hong Kong, which offers a wide range of top-quality and convenient financial printing services including typesetting, proofreading, translation, design, printing, web submitting, media placement and distribution. The services of the Group can be categorised into printing, translation and media placement. The core financial printing services of the Group include printing of listing documents, financial reports, compliance documents and other documents. Most of the Group’s customers are listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

BUSINESS REVIEW

With the uplift of most of the social distancing and cross-border control policies associated with the Covid-19 pandemic, the Hong Kong economy improved visibly for the six months ended 30 June 2023 (the “**Period**”) amid strong recovery of inbound tourism and private consumptions. However, the Hong Kong capital market has been undermined by global interest rates hikes and geopolitical entanglement for the Period. Funds raised for initial public offerings (“**IPOs**”) in Hong Kong dropped to a two-decade low in the first half of 2023, pushing the city to ninth place in the global ranking of IPOs. During the Period, the Group managed to leverage on its competitive strengths in branding, networking and servicing to expand its customer base, and continued to maintain prudent cost control measures to enhance profitability. Revenue mix has been optimised with increasing contribution from translation services, which helped to offset the decline in revenue from printing services. Thus profit attributable to owners of the Company modestly increased by approximately 2.9% from the six months ended 30 June 2022 (the “**Prior Period**”) to approximately HK\$10.1 million for the Period. Besides, the Stock Exchange on 30 June 2023 published conclusions to expand the Paperless Listing Regime, which reduce submission of documents by listed issuers and mandate these submissions by electronic means. The Group will continue to work together with our customers under the new listing requirements to enhance its sustainability performance.

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

REVENUE ATTRIBUTABLE TO EACH CATEGORY OF SERVICES PROVIDED BY THE GROUP

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Printing Services	39,920	52.8	45,719	63.5
Translation Services	29,592	39.2	20,255	28.1
Media Placement Services	6,039	8.0	6,079	8.4
Total	75,551	100.0	72,053	100.0

PRINTING SERVICES

Printing services revenue during the Period was approximately HK\$39,920,000 (the Prior Period: approximately HK\$45,719,000), representing a decrease of approximately 12.7% as compared to that of the Prior Period. Once again, several existing IPO projects on hand were postponed due to the unfavourable capital market sentiment in Hong Kong. For the six months ended 30 June 2023 and 2022, the revenue generated from the printing services represented approximately 52.8% and 63.5% respectively of the Group's total revenue.

TRANSLATION SERVICES

Translation services revenue during the Period was approximately HK\$29,592,000 (the Prior Period: approximately HK\$20,255,000), representing an increase of approximately 46.1% as compared to that of the Prior Period. The Group has taken substantial sales and marketing initiatives in translation services as the printing services were challenging. As a result, the number of translation jobs completed have been increased during the Period. For the six months ended 30 June 2023 and 2022, the revenue generated from the translation services represented approximately 39.2% and 28.1% respectively of the Group's total revenue.

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

MEDIA PLACEMENT SERVICES

Media placement services revenue during the Period was approximately HK\$6,039,000 (the Prior Period: approximately HK\$6,079,000), representing a marginal decrease of approximately 0.7% as compared to that of the Prior Period. For the six months ended 30 June 2023 and 2022, the revenue generated from the media placement services represented approximately 8.0% and 8.4% respectively of the Group's total revenue.

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2023 HK\$'000 (unaudited)	Six months ended 30 June 2022 HK\$'000 (unaudited)	Increase/ (decrease) in % or percentage point ("pp")
Revenue	75,551	72,053	4.9
Cost of Services	35,469	35,649	(0.5)
Gross Profit	40,082	36,404	10.1
Gross Profit Margin	53.1%	50.5%	2.6pp
Net Profit	10,087	9,801	2.9
Net Profit Margin	13.4%	13.6%	(0.2pp)

REVENUE

The Group's revenue increased by approximately HK\$3,498,000, or 4.9%, from approximately HK\$72,053,000 for the Prior Period to approximately HK\$75,551,000 for the Period. The increase was primarily attributable to the increased revenue from translation services for the Period, which helped to offset the decline in printing services.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

COST OF SERVICES

The Group's cost of services, a decrease by approximately HK\$180,000, or 0.5%, from approximately HK\$35,649,000 for the Prior Period to approximately HK\$35,469,000 for the Period, remained relatively stable during the Period.

OTHER GAINS AND LOSSES, NET

The Group's other gains, net decreased by approximately HK\$386,000, or 25.4%, from approximately HK\$1,517,000 for the Prior Period to approximately HK\$1,131,000 for the Period. It was mainly attributable to the absence of government grants of HK\$1,600,000 received during the Prior Period in relation to the Employment Support Scheme set up by the Government of the Hong Kong Special Administrative Region (the "HKSAR"); however such decrease had been offset by the increase of interest income of approximately HK\$721,000.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses, an increase by approximately HK\$159,000, or 2.2%, from approximately HK\$7,140,000 for the Prior Period to approximately HK\$7,299,000 for the Period, remained under control.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by approximately HK\$581,000, or 2.9%, from approximately HK\$19,958,000 for the Prior Period to approximately HK\$19,377,000 for the Period. The decrease was mainly attributable to the reduction in the cost of providing the personal protective equipment to our staff and customers during the Covid-19 pandemic.

FINANCE COSTS

Finance costs decreased by approximately HK\$264,000, or 43.3%, from approximately HK\$609,000 for the Prior Period to approximately HK\$345,000 for the Period. The decrease was mainly attributable to the decrease of finance expenses on leased properties and equipment for the Period.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

TAXATION

Taxation increased by approximately HK\$154,000, or 9.5%, from approximately HK\$1,620,000 for the Prior Period to approximately HK\$1,774,000 for the Period. The increase was in line with the increase in profit before taxation for the Period.

PROFIT FOR THE PERIOD

Supported by the increase in translation services revenue and stringent cost control, the profit for the Period was approximately HK\$10,087,000, representing an increase of approximately HK\$286,000, or 2.9% as compared with approximately HK\$9,801,000 for the Prior Period.

PROFITABILITY

As a result of the Group's stringent cost control, the Group's gross profit margin for the Period increased by 2.6pp to 53.1%.

GEARING RATIO

As at 30 June 2023, the gearing ratio of the Group was 0.24 (31 December 2022: 0.26). The decrease was due to the decrease in total debt as a result of reduction in lease liabilities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, fixed deposits with original maturity over three months and bank balances and cash of the Group amounted to approximately HK\$40,972,000 (31 December 2022: approximately HK\$76,359,000). The current ratios (current assets divided by current liabilities) of the Group were 2.0 times and 2.6 times as at 30 June 2023 and 31 December 2022, respectively.

CAPITAL EXPENDITURE

No capital expenditure during the Period was related to expenditures on additions of plant and equipment (31 December 2022: approximately HK\$1,005,000).

Management Discussion and Analysis

DIVIDENDS

The board of directors (the “**Directors**” and the “**Board**”, respectively) does not propose to declare the payment of any interim dividend for the Period.

On 1 March 2023, the Board declared a final dividend of HK15 cents per share which was paid on 12 May 2023 to shareholders of the Company whose names appear on the register of members of the Company on 26 April 2023, amounting to HK\$38,400,000.

On 4 March 2022, the Board declared a final dividend of HK20 cents per share which was paid on 13 May 2022 to shareholders of the Company whose names appear on the register of members of the Company on 11 May 2022, amounting to HK\$51,200,000.

CAPITAL STRUCTURE

As at 30 June 2023 and 31 December 2022, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 ordinary shares of par value of HK\$0.01 each (the “**Ordinary Shares**”) and the issued share capital of the Company was HK\$2,560,000 divided into 256,000,000 shares. The share capital of the Company only comprised the Ordinary Shares. There was no change in the share capital of the Company during the Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 101 (30 June 2022: 109) full-time employees in Hong Kong. During the Period, total staff costs (including Directors’ emoluments) were approximately HK\$27,993,000 (the Prior Period: approximately HK\$29,169,000). The remuneration policies of the Group, including promotion, bonus, salary increment and other benefits, are based on the Group’s operating results, employees’ individual performance, working experience, respective responsibilities, merit, qualifications and competence, as well as those benefits comparable to the prevailing market practice, standards and statistics. The remuneration policies of the Group are reviewed by the management of the Group regularly. The Group also provides and arranges on-the-job training for its employees.

In addition, the Company adopted a share option scheme (the “**Scheme**”) on 12 August 2015 (please refer to “SHARE OPTION SCHEME” under “Other Information” section for more information).

Management Discussion and Analysis

CAPITAL COMMITMENT

As at 30 June 2023 and 31 December 2022, the Group did not have any significant capital commitment.

FOREIGN CURRENCY EXPOSURE

The Group's sales and purchases are denominated in Hong Kong dollars. The Group will review and monitor from time to time the risk relating to foreign exchanges whenever applicable.

CHARGES ON THE GROUP ASSETS

As at 30 June 2023 and 31 December 2022, the Group had no charges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group did not have any material contingent liabilities or guarantees.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2023.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, there was no acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders of the Company nor any of their respective close associates that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person or entity had or might have with the Group during the Period.

Management Discussion and Analysis

OUTLOOK

Looking ahead, the Hong Kong capital market will continue to fluctuate due to the uncertainties faced by the global economy. The impacts of the stimulus economic policies of the Government of the People's Republic of China and the Government of the HKSAR remain to be seen. Having said that, the Stock Exchange has recently introduced certain favorable policies to facilitate the IPO listings in Hong Kong, such as the Specialist Technology Companies regime, which should enhance the city's competitiveness. As always, the Group will try to utilise its best efforts to capture the opportunities when they arise.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the board of directors (the “**Directors**” and the “**Board**”, respectively) and the chief executive of REF Holdings Limited (the “**Company**”) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), which were required: (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the “**Register**”); or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

LONG POSITION IN THE SHARES

Name of director	Capacity/ Nature of interest	Number of shares held	Percentage of issued share capital of the Company
Mr. Lau Man Tak (“ Mr. Lau ”)	Interest in controlled corporations (note)	192,000,000	75%

note: Mr. Lau, the chairman of the Board and the non-executive director, owns 7,625 ordinary shares in, representing 76.25% of the issued share capital of, Rising Luck Management Limited (“**Rising Luck**”), and the remaining 23.75% thereof is owned by an independent third party. Rising Luck owns 47,500 ordinary shares in, representing 95% of the entire issued share capital of, Jumbo Ace Enterprises Limited (“**Jumbo Ace**”). Mr. Lau also has a direct 5% interest (or 2,500 ordinary shares) in Jumbo Ace. Under the SFO, Mr. Lau is deemed to be interested in 192,000,000 shares registered in the name of Jumbo Ace. Mr. Lau is a director of each of Rising Luck and Jumbo Ace, both being associated corporations of the Company.

Save as disclosed above, as at 30 June 2023, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the Register, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware of, as at 30 June 2023, the following persons/entities had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the Register of the Company required to be kept under section 336 of the SFO (the "**Substantial Shareholders' Register**"), or who were directly or indirectly interested in 5% or more of the issued voting shares:

LONG POSITION IN THE SHARES

Names	Capacity/ Nature of interest	Number of shares held	Percentage of issued share capital of the Company
Jumbo Ace	Beneficial owner	192,000,000	75%
Rising Luck	Interest in controlled corporation (note 1)	192,000,000	75%
Mr. Lau	Interest in controlled corporation (notes 1 & 2)	192,000,000	75%
Ms. Lim Youngsook	Interest of spouse (note 2)	192,000,000	75%

note 1: Rising Luck owns 47,500 ordinary shares, representing 95% of the issued share capital of Jumbo Ace, the remaining 2,500 ordinary shares, representing 5% of which is owned by Mr. Lau. Mr. Lau owns 7,625 ordinary shares, representing 76.25% of the issued share capital of Rising Luck and the remaining 23.75% thereof is owned by an independent third party. Therefore, each of Rising Luck and Mr. Lau is deemed to be interested in 192,000,000 shares registered in the name of Jumbo Ace.

note 2: Ms. Lim Youngsook is the wife of Mr. Lau and is, therefore, deemed to be interested in the shares owned by Mr. Lau (by himself and through his controlled corporations).

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any persons who/entities which had any interest or short position in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Substantial Shareholders' Register.

Other Information

CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules to ensure that business activities and decision making processes of the Company and its subsidiaries (collectively referred to as the “**Group**”) are regulated in a proper and prudent manner. The Board is satisfied that the Company had complied with the applicable code provisions as set out in the CG Code during the Period.

The Company believed that an effective corporate governance structure allows the Company to have a better understanding of, evaluate and manage, risks and opportunities (including environmental, social and governance (“**ESG**”) risks and opportunities). The Board is committed to maintaining good corporate governance, which provides the framework within which the Board forms their decisions and build their businesses. The Board focuses on creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders.

The corporate value of the Company is acting in lawful, ethical and responsible manner. All Directors act with integrity and promote the culture of integrity. Such culture instils and continually reinforces across the corporate values.

During the Period, the Board closely monitored the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate value and the Company’s culture are aligned.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as its own code of conduct regarding Directors’ securities transactions. Following a specific enquiry made by the Company on each of the Directors, all of them confirmed that they had complied with the Model Code and its code of conduct regarding Directors’ securities transactions during the Period.

Other Information

CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of the Directors, subsequent to the date of the annual report of the Company for the year ended 31 December 2022, required to be disclosed, are set out below:

Name of director	Details of changes
Mr. Lau	Appointed as an independent non-executive director and the chairperson of the audit committee as well as a member of the nomination committee of Plus Group Holdings Inc. (stock code: 2486), a company listed on the Main Board of the Stock Exchange on 10 May 2023.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SHARE OPTION SCHEME

The Company adopted the Scheme on 12 August 2015. The purpose of the Scheme is to advance the interests of the Company and the shareholders of the Company by enabling (i) the Company to grant options to attract, retain and reward the eligible persons and to provide them with an incentive or reward for their contribution to the Group and (ii) such persons' contribution to further advance the interests of the Group.

As at the date of this interim report, there were a total of 25,600,000 shares, representing 10% of the issued shares, available for issue under the Scheme.

No share option has been granted since the adoption of the Scheme. Therefore, there was no share option outstanding as at 30 June 2023 and 2022 and no share option lapsed or was exercised or cancelled during the Period.

Other Information

AUDIT COMMITTEE

The Audit Committee has reviewed and discussed with the management of the Company on the unaudited condensed consolidated results of the Group for the Period including this report of the Company and the accounting principles and practices adopted by the Group and is of the view that the financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

APPRECIATION

On behalf of the Board and management, I would like to express my sincere gratitude to all our clients, investors, suppliers, business partners and shareholders for their continued valuable support and trust. I would also like to take this opportunity to thank my fellow Directors for their advice and all of our staff for their dedication, hard work and contribution during the Period.

By Order of the Board
REF Holdings Limited
Lau Man Tak
Chairman

Hong Kong, 18 August 2023

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

Ms. Fan Jia Yin

CHAIRMAN AND

NON-EXECUTIVE DIRECTOR

Mr. Lau Man Tak

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Chi Hung

Mr. Wong Kun Kau

Mr. Lee Hon Man Eric

COMPANY SECRETARY

Mr. Ko Wai Lun Warren

AUTHORISED

REPRESENTATIVES

Mr. Lau Man Tak

Ms. Fan Jia Yin

AUDIT COMMITTEE

Mr. Leung Chi Hung (*Chairman*)

Mr. Wong Kun Kau

Mr. Lee Hon Man Eric

REMUNERATION COMMITTEE

Mr. Lee Hon Man Eric (*Chairman*)

Mr. Leung Chi Hung

Mr. Wong Kun Kau

NOMINATION COMMITTEE

Mr. Wong Kun Kau (*Chairman*)

Mr. Leung Chi Hung

Mr. Lee Hon Man Eric

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

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Banking Corporation Limited

Nanyang Commercial Bank, Limited

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